RV BUSINESS

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RVIA Urges Roof-Crush Exemption

RVIA is urging the National Highway Traffic Administration (NHTSA) to either exempt motorhomes, vans and van conversions from proposed new standards for roof-crush protection in light trucks, vans and other RVs, or to modify test procedures to "take into account the special characteristics and features" of RVs.

Under the proposed new roof-crush standards, NHTSA is calling for vehicle roofs to withstand a force 1½ times the unloaded weight of the vehicle without compressing by more than 5 inches. The new rule would apply to all vans, light trucks and multipurpose vehicles (MPVs) with a gross vehicle weight rating (gvwr) of less than 10,000 pounds. If approved, the new regulation would become effective in the 1992-model year.

Ed Conway, assistant general counsel for RVIA, said that the proposed guidelines would have a "devastating impact" on the RV industry as well as RV consumers. He charged that NHTSA officials had failed to take into account the unique characteristics of vans and motorhomes that would make it impossible for those units to be tested accurately, as well as the high cost to RV manufacturers of any required testing.

RVIA is urging NHTSA to exclude RVs that have a gvwr of more than 6,000 pounds and to prescribe a roof-crush test force that does not exceed 5,000 pounds or the vehicle's gvwr, whichever is less, according to Conway.

Then, if NHTSA still insists on applying roof-crush standards to RVs, RVIA is asking the agency to modify its testing cri-

continued on page 14

THE CANADIAN MARKET: This brief overview of the Canadian market highlights its major players, key marketing differences and some nontariff barriers to entry. See page 36.

Big RV-Service Shops on the Rise

As the industry enters the 1990s, the recent birth of several very large, professional RV-service facilities mark a trend that, even minus a crystal ball, seems certain to continue.

There are a number of factors furthering growth in the size and professionalism of RV-service facilities. One is the pan-industry movement to improve "consumer care," which gathered momentum in the late 1980s and affected the agendas of major dealer, manufacturer, aftermarket and campground trade associations. Another more direct impetus is the recent creation by Reston, Va.-based RVIA of new, national training programs for dealers' service technicians.

And, even more fundamentally, an increasing number of RV dealerships have come to view a strong service department as both a potential profit center and a key to attracting new customers.

On the cutting edge of the new trend to service-intensive ventures is the 74-employee, 46,880-square-foot service facility that was opened late last year in Portland, Ore., by co-owners Fred and Dolores McNally. They also own Fred's Travel Rama and Fred McNally's RV Superstores dealerships in Portland, Gresham and Salem, Ore., and have 19 years of RV-retail experience.

With 34 indoor and 17 outside roofed service bays, the spacious McNally facility can do all types of service work—with the

continued on page 14

7 Chrysler Concept Combines Car, Trailer, Minivan

7 WDA Members See 10% Rise In 1990 Sales

7 Court Backs Gamel; Dealer Keeps Licenses

8 Holiday Rambler Restructures RV Division

9 Mark III Cuts '90 Output Goal

9 Ottie Alburn, Vogue Founder, Dies at 73

10 Converters Eye Potential Of Lumina

11 NCOA Seeks Higher Profile For 1990

11 Winnebago, HRC Target Delivery Truck Market

13 GM Retains 70% of Class A Chassis Market

15 NHTSA Asks Side-Impact Rule On Vans, RVs

NOVEMBER '89 SHIPMENTS HIT NEW HIGH

MORTON J. MARCUS

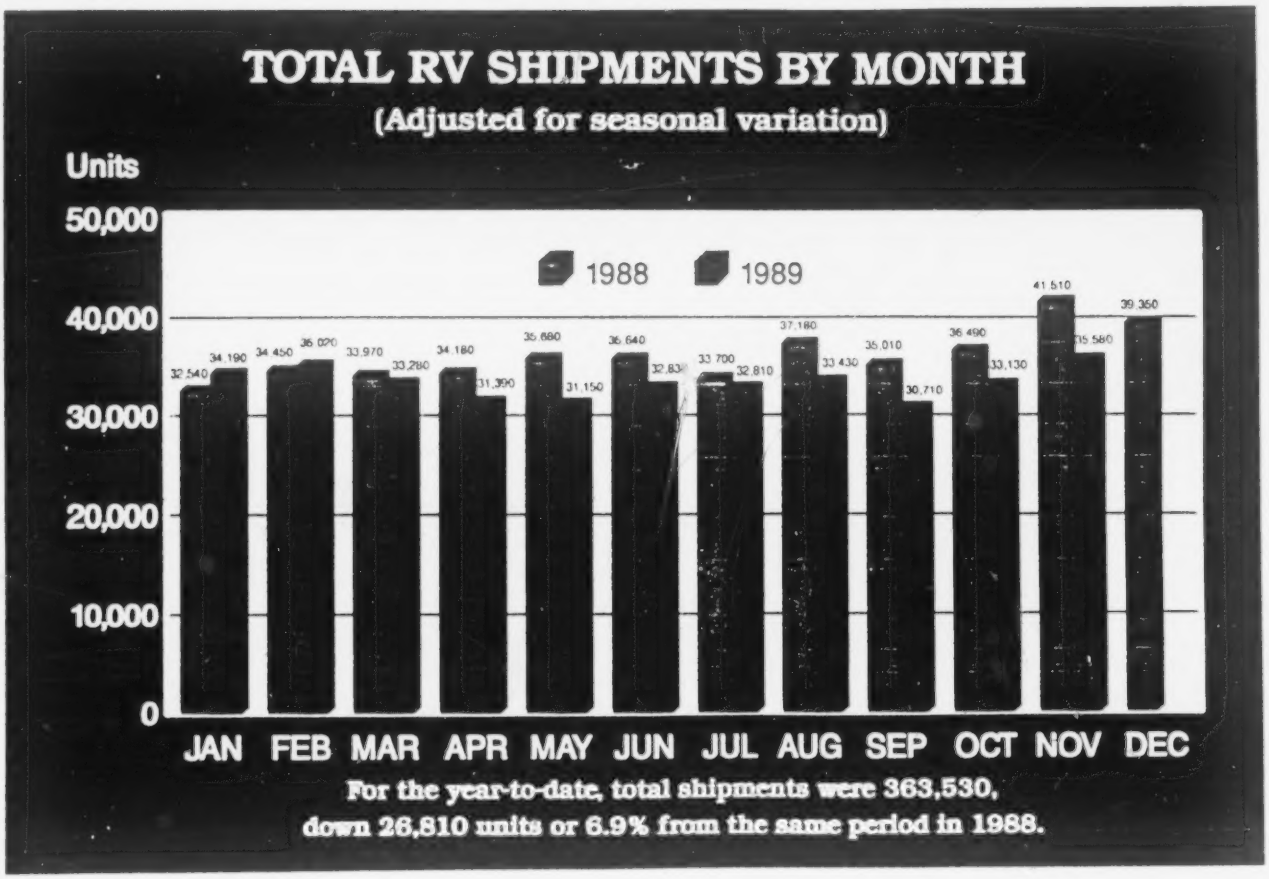

Figure 1

1989 slipped quietly into the past more than a month ago, but for observers of the RV industry, the old year hasn't gone away yet. The November 1989 shipment data from RVIA are the latest available numbers, so let's get on with it.

November had the distinction of being the *best* month in 1989 and also the *worst* month of the year.

November's total shipments, at 35,580 units (seasonally adjusted), were *up* from last October by nearly 2,500 units, or 8%. This made November '89 the second month in a row in which shipments climbed since their low point in September 1989. More significantly, total November shipments were at the *highest* level yet attained in 1989. (See *Figure 1*.)

This good news is tempered by the fact that total shipments of last November were below those for the same month a year earlier. But this fact is potentially very misleading. When compared with November of 1988, total shipments were off by nearly 6,000 units, a 14.5% drop that represents the greatest difference from the corresponding month a year earlier seen in 1989 to date. From this point of view, November was the *worst* month of 1989. The November experience brings the cumulative deficit for last year to more than 26,800 units, or nearly 7% below the tally at the same point in 1988.

How did this happen? Figure 3 indicates that van conversions accounted for more than 77% of the month-to-month gain in shipments (1,890 out of a 2,450 unit gain). Towables also showed a most healthy gain last November when compared with October '89, but motorhomes as a group fell during the month.

The strength of November was due to the fact that van conversions had their best month of the year, registering 19,400 shipments. In addition, towables had their sec-

GRAPHICS: CUSTOM COLOR VISUALS

ond best month, coming in at 11,700 units. (January was the best month for towables with 12,300 units.) By contrast, motorhomes in November hit their low point to date in 1989 at 4,500 units.

Declines From November '88

What Figure 3 does not show is that all three major groups declined in November '89 when compared with the same month in '88. Back in November of 1988, van conversions had a major spurt, with shipments of nearly 23,000 units for the month. The 19,400 units shipped in November '89 thus represented a decline of nearly 18% from the previous year.

Van conversions accounted for about 60% of the total 5,000-unit decline between the two Novembers. Towables also contributed to that decline – but only by 800 units (off 6.4% from the same month of 1988).

The big percentage loser was the motorhome group, down by 26% (nearly 1,600 units) from November '88. With the exception of January, motorhome shipments for every month through November of '89 were lower than for the same month of '88. As of November, there had not been a single month since May of 1989 when motorhomes were not at least 12.5% below the corresponding month of '88. The result, as shown in Figure 3, was a 15% decline for the year-to-date, with 10,300 fewer motorhomes shipped in 1989 than in 1988.

In the motorhome group, low-profile and minimotorhome Class C units had the worst percentage declines for the year-to-date. And only 50 units gave micro-mini Class C's the unique position of being a gainer for the year.

But at least motorhomes could look back on their January heyday. As of November, towables had been down for every month of '89 compared with the same month a year earlier. The low point for towables was in June '89, when shipments bottomed at 10,170 for the month, 23.4% below the same month in '88. The cumulative effect was that 14,250 fewer towable units had been shipped in the first 11 months of '89 than in the same period of 1988. This was a 10.4% deficit for the year-to-date.

The big losers, in both unit volume and percentages, were folding camping trailers, which had lost one-fifth of their market by November '89. In the towables group, park models stood alone as the only gainers, with a 5.3% year-to-date increase.

In 1989's down market, van conversions had a better record, with five of 11 months showing gains over the same month a year earlier. But, for the August-November period of 1989, even these popular models failed to keep pace with '88 shipment levels. As a result, in November '89, for the first time last year, cumulative van conversion shipments for the year-to-date fell below their corresponding 1988 level. Although November was a strong month at 19,400 conversion units, that total did not match the boom of November '88, and, for the year-to-date, conversions were behind by 2,300 units, or 1.2%.

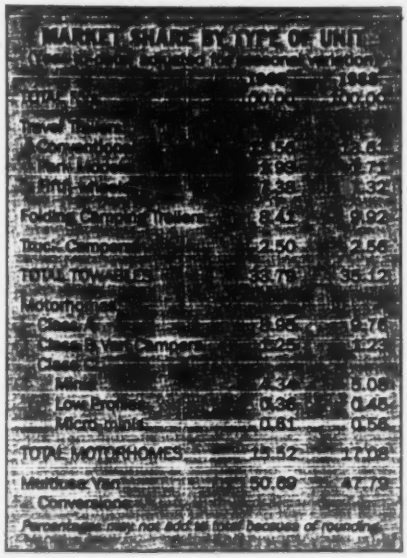

Figure 2

Since the decline in van conversions in 1989 was so much less than that of the other types of RVs, their market share rose. Figure 2 indicates that, for the year-to-date, van conversions moved toward 51% of the market. They gained nearly 3 market-share points compared with the previous year. About 54% of that gain came at the expense of motorhomes.

Revised Expectations

The bottom line is that November '89 was the best month to date in 1989 since the trend was upward. The comparison with the same month a year earlier may not be significant since November 1988 (and December '88) were almost abnormally strong in terms for van conversion shipments.

The improvements of October and November '89 shipments over those of September gives rise to expectations about the December figures.

The data suggests that, unless December '89 is much weaker than expected, the fourth quarter could close 1989 with more than 100,000 units. Current indications are for a final shipments figure of about 104,600 units for the last three months of '89. That would be a full 7% improvement over the third-quarter shipments total, and 6,300 units better than our forecast of 98,300 units for the fourth quarter of '89.

With such a fine close to 1989, the full year would come in at more than 400,000 units shipped. Applying our forecast growth rate of 5%, we would then see more than 420,000 units shipped in 1990. And that is not a bad prospect to emerge from November 1989. Δ

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RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

Type of Units	Nov 1989	Change From Oct 1989 Number	%	Year-to-Date 1989	1988	Change Number	%
TOTAL RVs	35,560	2,450	8.0	363,530	390,340	-26,810	-6.9
Travel Trailers:							
Conventional	4,850	420	9.4	49,310	53,140	-3,830	-7.2
Park Models	540	-130	-26.5	7,020	6,670	350	5.3
Fifth-wheels	2,560	150	6.3	26,840	28,560	-1,730	-6.0
Folding Camping Trailers	2,980	250	8.8	30,570	38,710	-8,140	-21.0
Truck Campers	750	-80	-9.9	9,100	10,010	-900	-9.0
TOTAL TOWABLES	11,690	610	5.5	122,840	137,090	-14,250	-10.4
Motorhomes:							
Class A	2,890	60	2.4	32,550	38,110	-5,560	-14.6
Class B Van Campers	330	-10	-2.3	4,560	4,800	-240	-5.0
Class C:							
Mini	1,160	-120	-10.5	15,780	19,830	-4,050	-20.4
Low Profile	*	na	na	1,300	1,760	-460	-26.1
Micro-mini	290	130	82.9	2,240	2,190	50	2.2
TOTAL MOTORHOMES	4,670	60	1.3	56,430	66,690	-10,260	-15.4
Multi-Use Van Conversions	19,410	1,880	12.5	184,270	186,560	-2,290	-1.2

* = Less than 50 units, na = not applicable

Note: Data rounded to nearest 10 units.

Figure 3

EARLIER SALES UPSURGE FADED IN NOVEMBER '89

GAYLORD MAXWELL

According to RVB's Dealer Advisory Board (DAB), RV sales for November '89 were nothing to shout about. Sales volume for the group as a whole was down from November '88 and, individually, two out of three advisory-board members were also off the mark.

In terms of unit volume, both new and used were down. Although grosses weren't bad, the low volume made for poor bottom lines. Inventories also were running a bit high for approximately 25% of the DAB, and lot traffic was reported to be low.

For the year-to-date last November, total sales volume for the advisory board did slightly exceed that for the same 11-month period of 1988. However, that was the only good news, because both new- and used-unit sales were down.

In short, the faint ray of hope shown by a mild sales upsurge in September and October of 1989 faded in November. It appeared rather certain that, for most dealers, 1989 would not be a big winner.

Motorhomes

Motorhome buyers were more scarce than usual last November, according to the DAB. The 21% drop in new-unit sales was one of the most drastic declines that we had seen in 1989. Only two of our DAB members were up from November '88; only one of them was up substantially, but that lucky fellow has one of the largest dealerships on our board. Most of the other big dealerships' sales dropped – and some fell really hard.

However, used sales in November '89 were slightly ahead of those for November '88. And profits weren't bad; most ratings were good or fair.

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Travel Trailers

New-unit sales for the month were in the plus column – but barely. Most DAB members who sell this RV type were close to 1988's figures for November. A few were slightly up in sales; some were slightly down. Used sales were off a bit for the month. Profits varied from poor to good.

Yet, for the year-to-date, sales were running well behind 1988's pace by the end of the month of November.

Truck Campers

In terms of percentages, November '89 was a truck-camper disaster. The number of units sold for the month equaled barely half of the total for November '88. New and used units both fared poorly. Profits on the few units that were sold were good.

Year-to-date, the picture was not quite so dismal. However, it was discouraging to note a 20% drop in sales compared with the same 11-month period of '88.

Folding Camping Trailers

Fold-down trailer sales are usually very poor during the last two months of the year, and November 1989 was no exception. The good news was that new-unit sales equaled those of 1988 for the month, although used sales were much lower. Profits were rated fair to poor.

Fifth-wheels

Moving in an opposite direction from 1989's usual upward trend for this type, new-unit sales for the month were down from November '88. Most fiver dealers were off the mark by a unit or two; only one was up. Used sales were slightly up. Profits were rated good. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	NOV. 1989	NOV. 1988	% CHANGE	1989	1988	% CHANGE	NOV. 1989	NOV. 1988	% CHANGE	1989	1988	% CHANGE
MOTORHOMES	100	126	– 21	1,555	1,592	– 2	100	98	+ 2	1,423	1,458	– 2
TRAVEL TRAILERS	51	49	+ 4	1,055	1,122	– 6	64	73	– 12	1,082	1,117	– 3
TRUCK CAMPERS	12	23	– 48	229	286	– 20	5	10	– 50	112	166	– 33
CAMPING TRAILERS	15	15	0	951	949	(+ 1	5	10	– 50	329	342	– 4
FIFTH-WHEELS	22	28	– 21	407	365	+ 12	19	18	+ 6	161	165	– 4

	FOR MONTH			YEAR-TO-DATE		
	NOV. 1989	NOV. 1988	% CHANGE	1989	1988	% CHANGE
SALES VOLUME	$9,578,964	$9,943,877	– 4	$143,592,271	$142,731,975	(+1
TOTAL UNIT SALES	393	452	– 13	6,815	7,063	– 4
NEW-UNIT SALES	200	243	– 18	3,929	4,042	– 3
USED-UNIT SALES	193	209	– 8	2,886	3,021	– 4

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board, a group comprised of 22 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.